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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Patrick B. Kirkland, President and Owner
Tropical Village, Inc.
4700 Millenia Blvd., Suite 340
Orlando, Florida 32839

Patrick B. Kirkland, President and Owner
Clarity Development Corporation
4700 Millenia Blvd., Suite 340
Orlando, Florida 32839

Ana Rodriguez, Sales Associate
Clarity Development Corporation
4700 Millenia Blvd., Suite 340
Orlando, Florida 32839

Laura M. Wade, Director of Administration
Clarity Development Corporation
4700 Millenia Blvd., Suite 340
Orlando, Florida 32839

DESIST AND REFRAIN ORDER

(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Tropical Village, Inc. (“Tropical Village”) is a Florida corporation that was formed on April 8, 1999. It maintains its office at 4700 Millenia Blvd., Suite 340, Orlando, Florida 32839. Patrick B. Kirkland (“Kirkland”) is its president and owner. The company formerly maintained a website at www.tropicalvillage.com.

1 2. During a period of time extending from approximately December, 1999 to the present,
2 Kirkland and Tropical Village, Inc. have offered investments by means of general solicitation,
3 including advertisements in publications including Money Magazine, the Wall Street Journal, the Los
4 Angeles Times and the San Francisco Chronicle. The advertisements have offered projected returns
5 of 29% to 35% from purchase and rental of so-called "Senior Triplexes" at complexes in Florida,
6 Georgia and Texas, including Pelican Bay Club in Palm Bay, Florida, Summerhill Ventures in
7 Marietta, Georgia, Sunset Bay Club in New Port Richey, Florida, and Harbor Bay Retirement
8 Village in Kissimmee, Florida.

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10 3. Prospective investors have been told that the purchase price of each senior triplex is
11 \$733,000 in Florida and Georgia and \$795,000 in Texas. Prospective investors have been told that
12 for just ten percent of that amount, or \$73,300, they can purchase a senior triplex that will be
13 managed and rented for them by a professional management company. Investors have been promised
14 that:

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16 The staff will be responsible for advertising, showing potential residents the available
17 bedrooms, and soliciting contractors to repair and maintain the interiors, exteriors, and
18 grounds. Each owner will not be required to be involved in the day-to-day operations of the
19 triplex. The book keeping [sic] will be handled by a bookkeeping company, which will be
20 responsible for collecting rent, paying bills and remitting checks to the investor(s). This is
21 absentee ownership at its best!

22
23 4. Prospective investors in each of the projects have been provided one-page sheets
24 projecting net estimated profit of more than \$2,000 per month or \$24,000 per year from each senior
25 triplex following mortgage loan, rental and management expenses. Prospective investors have been
26 promised that they would receive:

1 a monthly report detailing the expenses with his or her triplex with the check for the net fee
2 income for that period. We believe your investigation will lead you to conclude that this is a
3 GREAT OPPORTUNITY!

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5 5. The Department of Corporations has not issued a permit or other form of qualification
6 authorizing the offer or sale of senior triplex investments by Tropical Village.

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8 6. On November 19, 2004, the California Corporations Commissioner issued an
9 administrative order to Kirkland and Tropical Village pursuant to Corporations Code section 25532
10 ordering them to desist and refrain from the offer of senior triplex investments in California. Despite
11 Kirkland's knowledge and receipt of that order, Kirkland and Tropical Village have continued and
12 still continue to offer and sell senior triplex investments through Tropical Village to residents of
13 California subsequent to notice of and receipt of the order.

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15 7. On December 22, 2004, Kirkland caused the formation of a new Florida corporation called
16 Clarity Development Corporation ("Clarity Development"). Kirkland is the owner and president of
17 Clarity Development which operates from the same address, and uses the same phone and fax
18 numbers, as Tropical Village. It maintains a website at www.claritydevelopment.net.

19
20 8. Ana Rodriguez ("Rodriguez") is a sales agent for Kirkland and Clarity Development. The
21 Clarity Development website lists her as "Sales Executive." Her business card lists her as "Sales
22 Associate."

23
24 9. Laura M. Wade ("Wade") is an employee of Kirkland and Clarity Development. The
25 Clarity Development website lists her as "Director of Administration."

26
27 10. Subsequent to the formation of Clarity Development, Kirkland, Rodriguez, Wade and
28 Clarity Development have offered and continue to offer senior triplex investments to residents of

1 California in the same projects (including Pelican Bay, Summerhill and Sunset Bay) and on
2 substantially the same terms as previously offered through and by Tropical Village. Kirkland,
3 Rodriguez, Wade and Clarity Development are also currently offering senior triplex investments to
4 residents of California for a new project called Turtle Cove in Lakeland, Florida.

5
6 11. Kirkland, Rodriguez, Wade and Clarity Development have offered and continue to offer
7 senior triplex investments of Clarity Development by means of advertisements in publications
8 including Smart Money Magazine and the Los Angeles Times.

9
10 12. The Department of Corporations has not issued a permit or other form of qualification
11 authorizing offer or sale of senior triplex investments by Clarity Development.

12
13 13. Kirkland, Rodriguez, Wade, Tropical Village and Clarity Development have offered and
14 sold, and continue to offer and sell senior triplex investments by means of communications which
15 misrepresent or omit material facts.

16
17 14. Kirkland, Rodriguez, Wade, Tropical Village and Clarity Development have failed and
18 continue to fail to inform prospective purchasers that income projections made to prior investors have
19 repeatedly turned out to be false because actual occupancy rates and rental rates of the senior triplex
20 facilities have turned out to be much lower than represented. The real rates have turned out to be so
21 low that triplex investments yield no profits and instead burden investors with monthly obligations to
22 make payments to cover the shortfall between rental income and triplex loan, rental and management
23 expenses.

24
25 15. Despite their knowledge of these facts, Kirkland, Rodriguez, Wade, Tropical Village and
26 Clarity Development continue to make the same or similar false inflated projections to current
27 prospective investors even though they know that the projections are false. As one example, on May
28 3, 2005 a prospective investor in California was sent a package of literature from Clarity

1 Development containing information about a possible investment in the Summerhill Ventures senior
2 triplex facility Summerhill Senior Village in Marietta, Georgia. The package included a one-page
3 projection which estimated that triplex investments would generate monthly revenue of \$575 to \$675
4 per month from rental of each of the fifteen bedroom units in each of the senior triplexes. In fact,
5 however, triplex rooms in that facility are currently being offered to the public at monthly rental rates
6 of \$499 to \$528 (depending on whether the renter has a twin or queen-size bed) for tenants who enter
7 into a one-year lease, and at rates of \$525 to \$625 per month for tenants who rent for periods of less
8 than a year. As a result, the income projections that are being provided to prospective investors are
9 seriously inflated.
10

11 16. Kirkland, Rodriguez, Wade, Tropical Village and Clarity Development have also assured
12 and continue to assure prospective investors that they will be able to obtain a refund of their triplex
13 investments in the event that they choose to withdraw after visiting a triplex site or if they fail to
14 qualify for the necessary loans. Kirkland, Rodriguez, Tropical Village and Clarity Development fail
15 to inform prospective investors that when past investors have attempted to obtain refunds of their
16 deposits under such circumstances Kirkland has failed and refused to make the refunds.
17

18 17. Kirkland, Rodriguez, Wade, Tropical Village and Clarity Development have also failed to
19 inform and continue to fail to inform prospective investors of prior lawsuits against Kirkland and
20 Tropical Village. Those lawsuits include an action titled Angel et al. v. Tropical Village, Inc., et c.
21 al., Civil Action No. 6:04-CV-1669-ORC-19KR, that was filed on November 16, 2004 in federal
22 district court in Orlando, Florida and is currently pending against defendants including Kirkland and
23 Tropical Village. The lawsuit was filed on behalf of 61 plaintiffs who invested in triplexes in the
24 Harbor Bay Retirement Village and Sunset Bay Club. The plaintiffs' complaint sets forth causes of
25 action for federal and state securities law violations, fraud, and civil conspiracy.
26

27 18. Kirkland, Rodriguez, Wade, Tropical Village and Clarity Development have also failed to
28 inform and continue to fail to inform prospective investors of a prior lawsuit brought against Kirkland

1 by Clifteen Yarbrough, Civil Action No. E-49753 in Fulton County, Georgia. That lawsuit, which
2 was the subject of a published decision reported at Yarbrough v. Kirkland, 249 Ga.App. 523 (2001),
3 resulted in a jury verdict filed against Kirkland on September 24, 2003 in the amount of \$1.76 million
4 for fraud, Georgia Racketeer Influenced & Corrupt Organization Act violations (O.C.G.A. § 16-14-1
5 et seq.) and punitive damages. The lawsuit involved claims that Kirkland, acting through his
6 company The Baxter Group, knowingly employed material misrepresentations to induce Clifteen
7 Yarbrough to make an investment in 1995 in a single-family house which Kirkland represented
8 would generate profits for her when managed by his company as a boarding house. In fact, the
9 property's zoning did not allow it to be used as a boarding house.

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11 19. Kirkland, Rodriguez, Wade, Tropical Village and Clarity Development have also failed
12 to inform and continue to fail to inform prospective investors of the administrative order that was
13 issued to Kirkland and Tropical Village on November 19, 2004 pursuant to Corporations Code
14 section 25532 ordering them to desist and refrain from the offer of senior triplex investments in
15 California.

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17 Based upon the foregoing findings, the California Corporations Commissioner is of the
18 opinion that the senior triplex investments offered by Patrick B. Kirkland, Ana Rodriguez, Laura M.
19 Wade and Clarity Development Corporation are securities in the form of investment contracts which
20 are subject to qualification under the California Corporate Securities Law of 1968 which have been
21 and are being offered without being qualified, in violation of section 25110 of the California
22 Corporations Code. Pursuant to section 25532 of the Corporate Securities Law of 1968, Patrick B.
23 Kirkland, Ana Rodriguez, Laura M. Wade and Clarity Development Corporation are hereby ordered
24 to desist and refrain from the further offer or sale in the State of California of securities in the form of
25 investment contracts unless and until qualification has been made pursuant to the Corporate Securities
26 Law of 1968 or unless exempt.

1 The California Corporations Commissioner is of the further opinion that Patrick B. Kirkland,
2 Ana Rodriguez, Laura M. Wade, Tropical Village, Inc. and Clarity Development Corporation have
3 offered and are currently offering securities in the form of investment contracts by means of
4 misrepresentations of material fact and by means of communications which have omitted and omit
5 material facts necessary in order to make the statements made, in the light of the circumstances under
6 which they were made, not misleading, in violation of section 25401 of the Corporate Securities Law
7 of 1968. Patrick B. Kirkland, Ana Rodriguez, Laura M. Wade, Tropical Village, Inc. and Clarity
8 Development Corporation have misrepresented the amount of income investors can reasonably
9 expect to receive from senior triplex investments and have failed to disclose that their income
10 projections are inconsistent with past and current investment performance. They have misrepresented
11 that investors will be entitled to refunds under circumstances and have failed to disclose that refunds
12 have been denied in the past investors in similar situations. They have concealed relevant and
13 pending past lawsuits against Patrick B. Kirkland and Tropical Village, Inc. and a past judgment
14 against Patrick B. Kirkland. They have failed to inform prospective investors of the desist-and-
15 refrain order that was issued to Patrick B. Kirkland and Tropical Village, Inc. on November 19, 2004.

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18 Pursuant to section 25532 of the Corporate Securities Law of 1968, Patrick B. Kirkland, Ana
19 Rodriguez, Laura Wade, Tropical Village, Inc. and Clarity Development Corporation are hereby
20 ordered to desist and refrain from offering or selling or buying or offering to buy any security in the
21 State of California, including but not limited to senior triplex investments in the form of investment
22 contracts, by means of any written or oral communication which includes an untrue statement of a
23 material fact or omits to state a material fact necessary in order to make the statements made, in the
24 light of the circumstances under which they were made, not misleading.

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26 This Order is necessary, in the public interest, for the protection of investors and consistent
27 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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Dated: June 6, 2005
Los Angeles, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

By _____
ALAN S. WEINGER
Acting Deputy Commissioner